

Assembly Bill No. 2791

Passed the Assembly May 8, 2008

Chief Clerk of the Assembly

Passed the Senate July 10, 2008

Secretary of the Senate

This bill was received by the Governor this _____ day
of _____, 2008, at _____ o'clock ____M.

Private Secretary of the Governor

CHAPTER _____

An act to amend Section 2842.4 of the Public Utilities Code, relating to energy.

LEGISLATIVE COUNSEL'S DIGEST

AB 2791, Blakeslee. Energy: Waste Heat and Carbon Emissions Reduction Act.

Under existing law, the Public Utilities Commission (PUC) has regulatory authority over public utilities, including electrical corporations, as defined. Existing law authorizes the PUC to fix the rates and charges for every public utility, and requires that those rates and charges be just and reasonable. The existing Waste Heat and Carbon Emissions Reduction Act authorizes the PUC to require an electrical corporation to purchase excess electricity, as defined, from any customer of the electrical corporation that is delivered by a combined heat and power system, as defined, that complies with the sizing, energy efficiency, and air pollution control requirements of the act. The act requires every electrical corporation to file a standard tariff with the PUC for the purchase of excess electricity from an eligible customer-generator, as defined, requires the electrical corporation to make the tariff available to eligible customer-generators within the service territory of the electrical corporation upon request, and authorizes the electrical corporation to make the terms of the tariff available in the form of a standard contract. The existing definition of an eligible customer requires that the customer of an electrical corporation use a combined heat and power system with a generating capacity of not more than 20 megawatts that is in compliance with the act's requirements and be a nonprofit organization that is exempt from taxation pursuant to a specified provision of federal law.

This bill would define an eligible customer to require that the customer of the electrical corporation use a combined heat and power system with a generating capacity of not more than 20 megawatts that is in compliance with the act's requirements and that the customer either be a nonprofit organization that is exempt from taxation or be a federal, state, or local government facility.

The bill would provide that an approval made by the Department of Finance for a state agency to purchase, lease, or otherwise acquire a combined heat and power facility financed through the pay-as-you-save program may not be made sooner than after a specified time written notification is provided to certain Members of the Legislature.

The people of the State of California do enact as follows:

SECTION 1. Section 2842.4 of the Public Utilities Code is amended to read:

2842.4. (a) The commission shall, for each electrical corporation, establish a pay-as-you-save pilot program for eligible customers.

(b) For the purposes of this section, an “eligible customer” means a customer of an electrical corporation that meets the following criteria:

(1) The customer uses a combined heat and power system with a generating capacity of not more than 20 megawatts that is in compliance with Section 2843.

(2) The customer is any of the following:

(A) A nonprofit organization described in Section 501(c) (3) of the Internal Revenue Code (26 U.S.C. Sec. 501(c) (3)), that is exempt from taxation under Section 501(a) of that code (26 U.S.C. Sec. 501(a)).

(B) A federal, state, or local government facility.

(c) The pilot program shall enable an eligible customer to finance all of the upfront costs for the purchase and installation of a combined heat and power system by repaying those costs over time through on-bill financing at the difference between what an eligible customer would have paid for electricity and the actual savings derived for a period of up to 10 years.

(d) The commission shall ensure that the reasonable costs of the electrical corporation associated with the pilot program are recovered.

(e) All costs of the pay-as-you-save program or financing mechanisms shall be borne solely by the combined heat and power generators that use the program or financing mechanisms, and the commission shall ensure that the costs of the program are not

shifted to the other customers or classes of customers of the electrical corporation.

(f) Each electric corporation shall make on-bill financing available to eligible customers until the statewide cumulative rated generating capacity from pilot program combined heat and power systems in the service territories of the three largest electrical corporations in the state reaches 100 megawatts. An electrical corporation shall only be required to participate in the pilot program until it meets its proportionate share of the 100-megawatt limitation, based on the percentage of its peak demand to the total statewide peak demand within the service territories of all electrical corporations.

(g) An approval made by the Department of Finance for a state agency to purchase, lease, or otherwise acquire a combined heat and power facility that would be financed through the pay-as-you-save pilot program, may not be made sooner than 30 days after written notification thereof is provided to the Chairperson of the Senate Committee on Budget and Fiscal Review, the Chairperson of the Assembly Committee on Budget, and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the Chairperson of the Joint Legislative Budget Committee may determine.

Approved _____, 2008

Governor